

Friday, 05 Jan, 2024

## Great Start For Malaysia

### Market Review

**Malaysia:** The FBM KLCI (+1.02%) closed higher despite the poor regional markets' performance, supported by strong buying interest seen in the Utilities and Banking heavyweights. On the broader market, the Utilities sector (+2.99%) was the top gainer, while the Transportation & Logistics sector (-0.83 %) declined.

**Global markets:** Wall Street ended mostly lower despite the jobs data showed a higher-than-expected growth. Also, the megacap tech stocks still underperformed due to uncertain timing of the expected rate cuts this year. The European stock markets ended higher, while the Asian markets fell.

### The Day Ahead

The FBMKLCI had a great start for 2024 and managed to surpass the stiff resistance earlier on at 1,465 as buying interest emerged on the Utilities heavyweights and 70% of the index members closed higher. Meanwhile, the US stock markets ended lower for another session as the 10-year US Treasury yield rose inched up towards 4% and traders avoided the growth stocks, specifically the Technology sector. On the economic data, the ADP non-farm report showed an increase in job activity, while unemployment claims were less-than-expected, suggesting persistent labour market strength. Closer to home, we expect the buying momentum to sustain on the local front after the breakout recently on the FBM KLCI. On the commodity market, Brent oil price notched lower after a big jump in US refined product inventories.

**Sector focus:** The Technology sector may extend its weakness following the profit taking in the US. Meanwhile, the removal of 2sen/kWh in electricity rebate for household users consuming 600-1500 kwh/month may provide upside towards Tenaga and could boost solar panels demand going forward; we favour the Utilities and Renewable Energy segments. Meanwhile, the (i) Johor-theme, (ii) ongoing and potential new mega infra projects and (iii) easing of MM2H policies could boost trading in the Construction, Building Material, and Property sectors.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,440.34	0.03
S&P 500	4,688.68	-0.34
NASDAQ	14,510.30	-0.56
FBM KLCI	1,477.26	1.02
FBM Small Cap	16,747.95	0.77
FBM ACE	5,387.89	0.38
Construction	203.42	2.71
Consumer	555.32	0.10
Energy	834.49	1.66
Financial Services	16,465.20	0.95
Healthcare	1957.44	-0.71
Ind Products	177.10	0.37
Plantation	7,037.57	0.36
Property	95.37	1.94
REITs	789.85	0.25
Technology	62.71	-0.22
Telco & Media	58134	1.15
Transport & Logist	948.99	-0.83
Utilities	1,439.42	2.99
Trading Vol (m)	6,373.90	3.10
Trading Val (RM m)	3,82151	22.46
Gainers/ Losers rat	15%	
FKLI	1,479.50	-0.13
FCPO (RM)	3,663.00	0.16
Brent oil (USD)	78.25	-0.73
Gold (USD)	2,043.65	-0.01
USD	4.635	-0.05
GBP	5.8964	-0.79
EURO	5.0839	-0.34
SGD	3.4923	-0.03
Trading participation 5-day trend and value (m)		
Institution	-259.4	
Foreign	-267.3	526.7

Source: Bloomberg, Bursa Market Place

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended higher breaking out higher than the previous day. The technical readings on the key index were positive, with the MACD Histogram extending the first positive bar, while the RSI surged above the 60 level. The resistance is envisaged around 1,470-1,480 and the support is set at 1,440-1,450.



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## Company Brief

Sabah Electricity Sdn Bhd (SESB) chief executive officer Mohd Yaakob Jaafar said **Tenaga Nasional Berhad** (TNB) remains the largest shareholder of the Sabah utility company. He said the public must understand that SESB has not yet been fully taken over by the Sabah government, which currently holds 17% of the company's shares, despite the regulatory authority over the management of the electric power industry in Sabah being returned to it. Mohd Jaafar said SESB is responsible for overseeing the management of the electricity industry in Sabah while the return of regulatory power over electricity supply to the Sabah government is through the establishment of the Sabah Energy Commission. (The Edge)

**AmanahRaya Real Estate Investment Trust** (ARREIT) has completed the disposal of its 4-star Holiday Villa Beach Resort and Spa Langkawi with 238 rooms in Langkawi, Kedah to property developer Plenitude Bhd for RM145m cash. ARREIT said this follows the signing of a sale and purchase agreement with Plenitude's wholly-owned subsidiary Plenitude Gateway Sdn Bhd for the proposed disposal in June last year. Upon completion of the disposal, the REIT is poised to lock in a RM45m gain while gearing will improve to 43.5% on proforma basis, from 45% based on its audited total asset value at end-December 2022. (The Edge)

**Ekovest Bhd** and **Iskandar Waterfront City Bhd** (IWCity), two companies linked to tycoon Tan Sri Lim Kang Hoo, were among Bursa Malaysia's most actively traded counters on Thursday. Ekovest saw 153.57m shares traded, five times its three-month average volume of 29.32m shares. The counter opened up three sen, or 5.55%, at 54 sen before climbing to 57 sen – its highest since Sept 26, 2023, before paring gains to close at 55 sen. Meanwhile, 90.94m IWCity shares changed hands, almost six times its three-month average volume of 16.19m shares. The stock rose to an intra-day high of 93 sen, its highest since 95.5 sen on Aug 2, 2019, before settling at 86.5 sen, up 3.5 sen or 4.22% from its last close. (The Edge)

**Dayang Enterprise Holdings Bhd** has secured a contract from Petronas Carigali Sdn Bhd for the provision of rectification works for asset integrity findings in relation to a package involving Sarawak Oil Asset. Dayang said the value of the contract will be based on work orders to be issued by Petronas Carigali throughout the contract duration. The contract is valid for three years starting from Dec 15, 2023. Dayang said the contract is expected to contribute to the group's earnings throughout the three years. (The Edge)

**UEM Sunrise Bhd**, which was one of the top 10 most actively traded stocks on Bursa Malaysia on Thursday, jumped as much as eight sen or 8.08% to hit RM1.07 – its highest in about six years since February 2018. It saw over 100m shares traded, indicating investors' avid interest in the company due to its huge land bank in Johor, which is seen as a hotspot for the property sector due to upcoming high-value transit developments such as the Johor-Bahru Singapore Rapid Transit System and the formation of the Johor-Singapore Special Economic Zone (SEZ) in the state. The SEZ is planned to enhance the movement of goods and people across the Johor-Singapore Causeway and to bolster the overall ecosystem of Iskandar Malaysia – in which one of the five flagship zones is Iskandar Puteri, of which UEM Sunrise is the master developer. (The Edge)

**MN Holdings Bhd** has bagged a RM98m contract to undertake high voltage horizontal directional drilling and cable bridge works for a data centre located in the southern region of Peninsular Malaysia. The infrastructure utilities services provider said its wholly-owned subsidiary Mutu Nusantara Sdn Bhd was awarded the contract by a customer that provides data centre services. MN Holdings said the customer did not provide consent for the "disclosure of information in relation to the customer". (The Edge)



Sports footwear and apparel maker **Sinaran Advance Group Bhd** (SAG), formerly known as K-Star Sports Ltd, has proposed to undertake a RM68m capital reduction via cancellation of its issued share capital to eliminate its accumulated losses. The proposed exercise will result in its share capital being reduced to RM42.7m, resulting in a capital reduction of RM68m, which will be utilised to offset the accumulated losses of RM69.21m at the company level. The proposal is also aimed at enhancing SAG's ability to declare and pay dividends out of its retained earnings in the future and provide a better financial platform for the group's future growth moving forward, it added. (The Edge)

**Ibraco Bhd**, through its wholly-owned unit Ibraco Construction Sdn Bhd (ICSP), has partnered with two units of China Railway Group Ltd to incorporate Ibraco CREC JV Sdn Bhd (ICJVSB), a joint venture company to undertake infrastructure works for the Kuching Urban Transportation System (KUTS). The property developer said that the joint venture company was set up with China Railway Engineering Corporation (M) Sdn Bhd (CRECM) and Nanyang Tunnel Engineering Sdn Bhd. The JV company has an initial paid-up capital of RM2m, comprising 2m shares, with ICSP holding a 51% stake, CRECM with 39% and Nanyang with 10%. (The Edge)

**Pharmaniaga Bhd**'s stock price surged as much as 13.2% to 43 sen on Thursday, following the pharmaceutical company's signing of a seven-year concession agreement with the Ministry of Health (MOH) for medical supply logistics services. At market close, the stock pared some gains to trade at 40.5 sen, still up three sen or 8%, giving it a market valuation of RM583.7m. Trading volume stood at 11.17m, almost triple its 200-day average volume of 4.19m. (The Edge)

**MISC Bhd**, which is 51% controlled by national oil company Petroliaam Nasional Bhd (Petronas), announced the appointment of Afendy Mohamed Ali as its new chief financial officer (CFO) on Thursday. His appointment will take effect from March 1. Afendy, 50, succeeds Raja Azlan Shah Raja Azwa, who has held the CFO position since April 2019. Concurrently, Raja Azlan will transition into the role of MISC's vice president of corporate planning. (The Edge)

Shares of **Minetech Resources Bhd** climbed as much as 14.3% to a high of 20 sen on Thursday's morning trade – its highest since May 12, 2021 when the stock closed at 20.5 sen – after the group announced the appointment of Abang Abdillah Izzarim Abang Abdul Rahman Zohari as its new executive chairman. At the time of writing, the counter pared its gains to 19 sen – still up 1.5 sen or 8.57% – valuing the group at RM303.17m. Trading volume stood at 101.8m – more than 13 times than its 200-day average volume of 7.76m – making it the second most active stock on Bursa. In the past month, Minetech's share price has risen by 280%. (The Edge)

**RHB Banking Group** has appointed Datuk Fad'l Mohamed as its new managing director of group wholesale banking, effective from Feb 2. Fad'l stepped down as the chief executive officer of Maybank Investment Bank (Maybank IB) on Wednesday. He joined the investment bank in 2015 as its deputy CEO. (The Edge)

Shares in **Kerjaya Prospek Group Bhd** rose to a fresh record high of RM1.63 in early trade on Thursday as analysts viewed the group will continue to benefit from strong growth in Andaman Island. TA Securities Holdings Bhd has raised its target price (TP) for Kerjaya Prospek by 8% to RM1.64 (from RM1.52), based on a higher price-to-earnings (P/E) multiple of 13 times calendar year 2024 earnings (from 12 times previously). Kerjaya secured a RM170.9m contract from Persada Mentari Sdn Bhd – an indirect subsidiary of Eastern & Oriental Bhd (E&O) – to undertake a proposed Andaman Island development project, also known as Seri Tanjung Pinang Phase 2 (STP2) in Penang. (The Edge)



## Technical Focus Tracker

Technical Focus Tracker											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Long Term Target (RM)	Support (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	WASCO	8-Nov	1.000	1.050	1.090	1.150	0.960	0.950	1.010	1.0%	Initiate on 8/11/2023
2	SLVEST	21-Nov	1.290	1.350	1.360	1.400	1.230	1.210	1.370	6.2%	Initiate on 21/11/2023
3	ITMAX	8-Dec	1.800	1.900	1.920	2.000	1.680	1.650	1.770	-1.7%	Initiate on 8/12/2023
4	MYEG	12-Dec	0.825	0.855	0.860	0.900	0.785	0.780	0.785	-4.8%	Initiate on 12/12/2023
5	SCGBHD	14-Dec	0.375	0.395	0.400	0.450	0.350	0.340	0.435	16.0%	Initiate on 14/12/2023
6	SDS	27-Dec	0.730	0.785	0.790	0.825	0.680	0.670	0.715	-2.1%	Initiate on 27/12/2023
7	HUPSENG	28-Dec	0.815	0.860	0.880	0.900	0.760	0.750	0.765	-6.1%	Cut Loss on 2/1/2024

## Market Chat Tracker - 1Q24 Stock Picks

4Q23 Stock Picks											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Long Term Target (RM)	Support (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	AME	26-Dec	1.660	1.920	2.050	-	1.630	1.550	1.790	7.8%	Initiate on 26/12/2023
2	CCK	26-Dec	0.840	0.950	1.000	-	0.805	0.760	0.830	-1.2%	Initiate on 26/12/2023
3	INARI	26-Dec	3.000	3.300	3.450	-	2.860	2.750	2.980	-0.7%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.810	1.950	2.000	-	1.760	1.700	1.770	-2.2%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.250	10.6%	Initiate on 26/12/2023
6	MYEG	26-Dec	0.815	1.000	1.080	-	0.805	0.750	0.785	-3.7%	Initiate on 26/12/2023
7	NATGATE	26-Dec	1.550	1.760	1.850	-	1.480	1.350	1.490	-3.9%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.350	9.8%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.250	4.410	4.500	-	4.170	4.060	4.290	0.9%	Initiate on 26/12/2023
10	SCGBHD	26-Dec	0.425	0.475	0.500	-	0.400	0.380	0.435	2.4%	Initiate on 26/12/2023
11	SUNCON	26-Dec	1.970	2.150	2.250	-	1.920	1.850	2.040	3.6%	Initiate on 26/12/2023
12	SWIFT	26-Dec	0.540	0.600	0.635	-	0.515	0.495	0.585	8.3%	Initiate on 26/12/2023
13	TM	26-Dec	5.560	6.000	6.250	-	5.350	5.210	5.700	2.5%	Initiate on 26/12/2023
14	WCEHB	26-Dec	0.930	1.000	1.070	-	0.880	0.820	1.120	20.4%	Initiate on 26/12/2023
Average Return										3.9%	

### Technical Focus Tracker Summary

Total recommendations	359
Total winners	217
Total losers	135
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	13.3%
Accuracy (2022)	62.9%
Portfolio performance (2023)	6.7%
Accuracy (2023)	55.1%
FBM KLCI (Since 30/12/2022)	-1.2%
FBM Small Cap (Since 30/12/2022)	12.2%
Malaysia GDP Growth (1H23)	4.2%

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